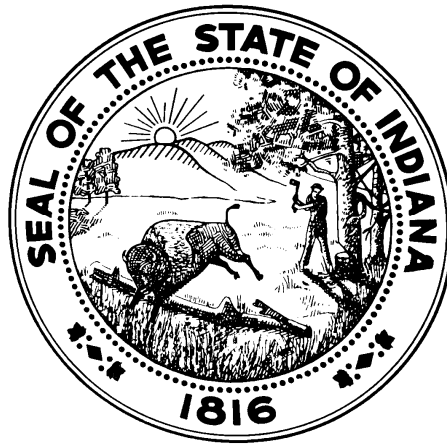


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT
OF
TOWN OF VEEDERSBURG
FOUNTAIN COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
07/03/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Laura Bennett

01-01-04 to 12-31-11

President of the Town Council

Carl Hoagland
Keith K. Smith

01-01-06 to 12-31-07
01-01-08 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF VEEDERSBURG, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Veedersburg (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 27, 2008

TOWN OF VEEDERSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 80,168	\$ 222,952	\$ 267,674	\$ 35,446
Motor Vehicle Highway	114,340	126,378	165,525	75,193
Local Road and Street	1,715	10,030	10,793	952
Garbage Pick-Up	31,237	98,026	95,132	34,131
Energy Assistance	808	15,703	13,950	2,561
Law Enforcement Continuing Education	1,190	624	1,430	384
Redevelopment Commission	1,242,055	404,262	503,073	1,143,244
Swimming Pool	28,006	26,574	25,240	29,340
Swimming Pool Donations	193	-	193	-
Park Program	-	9,753	9,753	-
Police Donation	156	800	956	-
Riverboat Fund	43,531	14,467	43,530	14,468
Rainy Day	10,099	-	-	10,099
Cumulative Capital Improvement	4,206	8,214	8,099	4,321
Cumulative Building and Firefighting Equipment	21,685	9,310	17,328	13,667
Lease Rental Payments	26	29,289	18,444	10,871
Redevelopment Authority	198,426	440,046	424,839	213,633
Proprietary Funds:				
Water Utility - Operating	163,519	465,857	360,913	268,463
Water Utility - Bond and Interest	91,648	80,241	78,254	93,635
Water Utility - Depreciation	123,278	41,647	-	164,925
Water Utility - Customer Deposit	12,839	9,500	5,480	16,859
Water Utility - Construction	18,930	237	16,721	2,446
Wastewater Utility - Operating	132,477	792,053	628,762	295,768
Wastewater Utility - Bond and Interest	211,063	265,143	261,057	215,149
Wastewater Utility - Grant	-	156,584	156,584	-
Wastewater Utility - Construction	-	1,307,951	213,353	1,094,598
Wastewater Utility - Escrow	-	15,688	-	15,688
Electric Operating	1,241,278	3,486,937	3,750,580	977,635
Electric Depreciation	642,443	101,586	194,229	549,800
Electric Bond And Interest	122,393	78,711	98,958	102,146
Electric Reserve	203,560	1,870	105,430	100,000
Electric Customer Deposit	37,765	15,634	13,293	40,106
Fiduciary Fund:				
Payroll	250	594,609	594,609	250
Totals	<u>\$ 4,779,284</u>	<u>\$ 8,830,676</u>	<u>\$ 8,084,182</u>	<u>\$ 5,525,778</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 35,446	\$ 341,649	\$ 294,744	\$ 82,351
Motor Vehicle Highway	75,193	136,502	169,615	42,080
Local Road and Street	952	10,207	10,300	859
Garbage Pick-Up	34,131	101,237	100,215	35,153
Energy Assistance	2,561	30,053	28,530	4,084
Law Enforcement Continuing Education	384	687	803	268
Redevelopment Commission	1,143,244	603,541	575,784	1,171,001
Swimming Pool	29,340	31,727	21,055	40,012
Park Program	-	10,035	10,035	-
Riverboat Fund	14,468	14,744	-	29,212
Rainy Day	10,099	-	1,776	8,323
Cumulative Capital Improvement	4,321	8,075	8,119	4,277
Cumulative Building and Firefighting Equipment	13,667	9,769	11,655	11,781
Lease Rental Payments	10,871	54,207	49,200	15,878
Redevelopment Authority	213,633	270,607	206,321	277,919
Proprietary Funds:				
Water Utility - Operating	268,463	525,128	476,575	317,016
Water Utility - Bond and Interest	93,635	92,869	76,588	109,916
Water Utility - Depreciation	164,925	34,199	29,074	170,050
Water Utility - Customer Deposit	16,859	9,800	8,596	18,063
Water Utility - Construction	2,446	-	2,446	-
Wastewater Utility - Operating	295,768	796,511	901,149	191,130
Wastewater Utility - Bond and Interest	215,149	356,723	337,966	233,906
Wastewater Utility - Grant	-	343,416	343,416	-
Wastewater Utility - Construction	1,094,598	264,171	1,161,649	197,120
Wastewater Utility - Escrow	15,688	81,691	8,063	89,316
Electric Operating	977,635	3,961,414	3,721,073	1,217,976
Electric Depreciation	549,800	134,063	4,952	678,911
Electric Bond And Interest	102,146	78,589	78,231	102,504
Electric Reserve	100,000	-	-	100,000
Electric Customer Deposit	40,106	26,100	17,455	48,751
Fiduciary Fund:				
Payroll	250	661,781	662,031	-
Totals	<u>\$ 5,525,778</u>	<u>\$ 8,989,495</u>	<u>\$ 9,317,416</u>	<u>\$ 5,197,857</u>

The accompanying notes are an integral part of the financial information.

TOWN OF VEEDERSBURG
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Defeasance of Bonds

On December 14, 2006, the Town of Veedersburg Water Utility issued \$850,000 in refunding revenue bonds with an average interest rate of 4.05% to advance refund \$755,000 of outstanding 1997 series bonds with an average interest rate of 5.74%. The 1997 bonds were destroyed and replaced by the 2006 bonds which resulted in a net present value cash flow savings of \$29,624.

TOWN OF VEEDERSBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 444,000
Buildings	826,645
Improvements other than buildings	169,890
Machinery and equipment	<u>221,593</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 1,662,128</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,440
Buildings	7,676
Improvements other than buildings	1,212,204
Machinery and equipment	<u>66,643</u>
Total Water Utility capital assets	<u>1,293,963</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	35,053
Construction in progress	1,933,593
Buildings	935,594
Improvements other than buildings	2,776,157
Machinery and equipment	<u>153,631</u>
Total Wastewater Utility capital assets	<u>5,834,028</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	35,626
Construction in progress	-
Buildings	20,740
Improvements other than buildings	1,874,160
Machinery and equipment	<u>567,337</u>
Total Electric Utility capital assets	<u>2,497,863</u>
Total business-type activities capital assets	<u><u>\$ 9,625,854</u></u>

TOWN OF VEEDERSBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Town Hall	\$ 291,269	\$ 33,000
Water, Wastewater, Road Project	74,893	33,000
1997 Water Project	563,055	80,000
Notes and loans payable	46,639	11,702
Bonds payable:		
General obligation bonds:		
Redevelopment Authority		
Water, Wastewater, Road Project 1991	80,000	29,719
1997 Water Improvements	565,000	75,444
Total governmental activities debt	<u>\$ 1,620,856</u>	<u>\$ 262,865</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Pool Program, Series 1997A	\$ 820,000	\$ 74,876
Total Water Utility	<u>820,000</u>	<u>74,876</u>
Wastewater Utility		
Revenue bonds:		
Refunding 1997, Series 2004	1,470,000	148,350
Refunding 1992, Series 2001	565,000	98,120
2006 Project, Series 2006	955,000	96,795
Total Wastewater Utility	<u>2,990,000</u>	<u>343,265</u>
Electric Utility:		
Revenue bonds:		
1995 Improvements Issue	425,000	77,463
Total Electric Utility	<u>425,000</u>	<u>77,463</u>
Total business-type activities debt:	<u>\$ 4,235,000</u>	<u>\$ 495,604</u>

TOWN OF VEEDERSBURG
EXAMINATION RESULT AND COMMENT

PUBLIC PURCHASES LAW

The Town of Veedersburg, in August 2006, purchased a new fire truck. The original cost was \$186,000; however, evidence of bids was not presented for examination.

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

TOWN OF VEEDERSBURG
EXIT CONFERENCE

The contents of this report were discussed on May 27, 2008, with Laura Bennett, Clerk-Treasurer; and Keith K. Smith, President of the Town Council. The officials concurred with our finding.